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The Chongqing vs. Guangdong developmental ‘models’ in post-Mao China: Regional and historical perspectives on the dynamics of socioeconomic change

Abstract: The Chinese political economy is a dynamic entity constituted by multiple developmental trajectories. Recent debates on two seemingly divergent ‘models’ in the subnational regions of Chongqing and Guangdong has foregrounded the potential contradictions of this dynamism. While existing research has attempted to evaluate these trajectories as outcomes of elite politics or ideological incommensurability, an overlooked but no less important aspect is the connections between these trajectories, Mao-era regulatory policies and the post-1978 system of reciprocal accountability. Synthesizing empirical materials from policy documents, academic commentaries, statistical data and interviews with planners from China, this paper provides a critical evaluation of these connections.

Key words: Chongqing; Guangdong; development; China model; socioeconomic change; path-dependency

JEL classifications: F63, N95, O530, P30 & R58

1. Introduction

During the late 2000s, researchers and policymakers in China began to document and evaluate the implications of two emergent developmental ‘models’ in the Chinese provinces of Chongqing and Guangdong. Associated with the influence of the provincial Party Secretary, Wang Yang, between 2007 and 2012, the ‘Guangdong model’ is portrayed as more ‘liberal’ and sophisticated. Three interrelated approaches constitute this prototype, namely market-oriented economic regulation, a growing emphasis on the rule of law, and an explicit commitment to enhancing social well-being (as exemplified by the social campaign to create a ‘Happy Guangdong’). While references to ‘the Guangdong model’ in political-economic research preceded the comparison with Chongqing (see Zheng, 1998; Tracy and Lever-Tracy, 2004), it was popularized following explicit comparison with the ‘Chongqing model’.

First mooted by a Hong Kong-based journal, *Asia Weekly*, in February 2009, the ‘Chongqing model’ is associated with Bo Xilai, who became Party Secretary of Chongqing in late 2007. It similarly comprises three approaches, namely extensive state intervention in economic construction; an explicit commitment to socio-spatial

egalitarianism through housing and migration policies; and a hard-handed campaign against organized crime (Huang, 2011; Su *et al*, 2011; You and Lei, 2013; Lim, 2014a). Also construed as (re)instituting the rule *by law*, prominent critics such as Hu Deping (the son of Hu Yaobang, key reform-minded ally of Deng Xiaoping), Xu Youyu (senior academic) and Wen Jiabao (the-then Premier of China) have gone to the extent of labelling the socioeconomic policies in Chongqing as the “line of thought” (*siwei* 思维) and “spirit” (*yinhun* 阴魂) of a particular “historical tragedy” (*lishi beiju* 历史悲剧) – the Cultural Revolution (*Apple Daily*, 15 March 2012; *Ming Bao*, 4 December 2012; Xu, 2013).

Further research into these seemingly incommensurable models is generating nuanced interpretations. One body of work views these different trajectories as outcomes of elite politics and the quest for a consensus-based political structure (Zhao, 2012; Cheng, 2013; Zheng, 2013; Lynch, 2015). Here, the focal point is on the *conflictual* political agendas of specific actors in the party-state apparatus. Another body views the developmental approaches in Chongqing and Guangdong as expressions of regional capitalist varieties that could coexist and possibly constitute the structural coherence of the national political economy (Huang, 2012; Mulvad, 2015; Zhang and Peck, 2015). While offering fresh insights into post-Mao socioeconomic reforms, what remains unclear in existing research is the *relationship* between these ‘models’ and the broader geographical-historical context of Chinese state formation after 1949. Drawing from policy documents, academic commentaries, statistical data and interviews with planners from China¹, this paper addresses this lacuna.

To be clear, the empirical analysis is not meant to provide an exhaustive summary of policies, career politics or for that matter ideological metonym: these are already discussed at length elsewhere (Dirlik 2012a, 2012b; Cheng 2015; Godement 2015, 17-27; Li 2016). Rather, it makes for a singular contribution through

synthesizing key materials to demonstrate how these two supposed ‘models’ are neither divergent pathways nor two sides of the same coin. Divergence is predicated on *a priori* unity; on a previously existing ‘same coin’ characterized by a coherent national structure and historical exceptionalism. Yet there was never such unity and uniqueness to begin with; differences between CPC cadres have always existed at both ideological and practical levels. Place-specific development therefore does not comprise differentiated parts of a larger empirical entity known widely today as the ‘China model’. By extension, inter-regional variations do not reflect chronological differences that would naturally ‘level up’ as one exceptional whole. The Chongqing and Guangdong trajectories are not compared against a template of fixed factors for this reason; their respective socioeconomic policies and economic data have to be evaluated as geographically- and historically-grounded expressions of the *joint demands* of national regulation and transnational capital reproduction.

The discussion is organized in four parts. Section 2 delineates the geographical-historical context within which the analysis is framed. Section 3 then explain how the Guangdong and Chongqing trajectories came to be. It shows how conditions that shaped what appear today to be two distinct developmental approaches are constituted by dynamic interactions between local initiatives and agents positioned at different scales (the provincial, regional, national and supranational). An evaluation of these approaches is presented in section 4. The implications of these outcomes on the ‘chessboard’ philosophy and ‘ladder step’ logic will be explored in the concluding section.

2. The ‘chessboard’ regulatory philosophy: emergence and contemporary implications

The “China” that Mao Zedong’s Communist Party of China (CCP) sought to “liberate” in the late 1940s was constituted by a patchwork of socio-culturally disparate economies. As Fitzgerald (1995: 75) puts it, China was (and arguably remains) a

‘nationless state’ constituted by “the motif of a unitary state reconstituting itself from the rubble of a disintegrating empire”. What this meant in economic-geographical terms was an absent national economy of China; there were many territorially-distinct economies *in* China. When it became clear that the CPC would succeed in capturing power in Beijing, the imminent military success transposed into a challenge to integrate these economies into a structurally coherent nation-state. This process was a major encumbrance to the CPC’s state building objectives because the geopolitical dimensions of ‘new China’ were slippery at the edges and unstable within.

Fundamental to the CPC’s success in the ‘protracted people’s war’ in October 1949 was its ability to share power – albeit in an *ad hoc* manner – with leaders of regional economies since the 1920s (Gurley, 1976; van de Ven, 1992; Groot, 2004). After securing political power, its first major regulatory strategy was to fortify its political control through re-designating spatial divisions of regulation. To this end, six ‘big strategic regions’ were created (*dazhanlüeqū* 大战略区). These regions were, namely, North China (Huabei 华北), Northeast China (Dongbei 东北), East China (Huadong 华东), Central and South China (Zhongnan 中南), Northwest China (Xibei 西北) and Southwest China (Xinan 西南). Before long, however, parts of the new administration (including Mao himself) feared potential provincialism could morph into reality and undermine the fragile coherence and stability of ‘new China’. For this reason, the six newly-appointed regional leaders – Deng Xiaoping, Liu Shaoqi, Gao Gang, Rao Shushi, Lin Biao and Peng Dehuai – were re-deployed to Beijing in 1952 and 1953 and two of them, Gao and Rao, were purged from their positions in 1954 (ref. Teiwes, 1990; Shiraev and Yang, 2014). These regions were then swiftly dissolved.

Accompanying the re-elevation of the provincial scale as the second highest level of administration was a growing emphasis on the necessity to align local interests to national goals. Understanding this political emphasis on the ‘national

interest' is important for framing the Chongqing-Guangdong relationship and, more importantly, for understanding why Bo Xilai was purged in 2012 (ref. section 3). As it emerged that disparate local practices were undermining the Great Leap Forward industrialization project, the-then Shanghai Mayor, Ke Qingshi, urged national socioeconomic coordination in an article in the Party's leading journal, *Red Flag* (红旗). This article has now attained touchstone status in Chinese policymaking and academic circles due to its metaphor 'the whole country as a chessboard':

Regardless of class struggle or struggle in economic production, regardless of any form of work, planning, doing things, thinking about problems, there must be a holistic view...This entire agenda correctly reflects the relationship between different departments in the economy and the relationship between the whole and the partial, it makes clear they are intertwined into a national chessboard, not a board of scattered sand. (Ke, 1959; authors' translation)

Ke's article delineates two regulatory considerations of relevance for framing the Chongqing-Guangdong relationship in this paper: centralized economic control and political balance between different administrative levels. In the context of the Great Leap Forward, the implication was to prioritize the funneling of resources for the prevailing national economic project and, in turn, preclude an "imbalanced" situation between the national goal and local agendas. The 'chessboard' regulatory metaphor would soon resonate in the speeches of the senior leadership.

In spite of these proclamations, the 'chessboard' philosophy neither led the Great Leap Forward program to success nor enhanced economic production during the Mao era. The chaos during and unprecedented death toll that followed the Great Leap Forward impelled Mao to adopt more radical measures to consolidate political power in Beijing. This was launched through the Third Front Construction program in 1964 (*sanxian jianshe* 三线建设), on the premise of growing threats from 'imperialism and their running dogs' (*diguozhuyi jiqizougou* 帝国主义及其走狗). Mao ordered means of production to be relocated from the coastal city-regions (the 'First Front') to those in the relatively sheltered interior (the 'Third Front').²

The intensification of the ideological-political campaign against domestic political rivals meant economic reconstruction slowed down during the first two years of the Cultural Revolution (1966-1968). To ensure absolute political control, cell-like administrative units were tied hierarchically to Beijing in tandem with geo-economic insulation (under the nationalistic slogan of 'self-sufficiency'). The central government granted significant autonomy to the provinces to self-finance developmental projects. In return, a minimal trade policy was enforced. For almost a full decade prior to the 1978 reforms, the 'Chinese economy' resembled a customs union more than a common market; it was an entity with a common barrier against the global economy, within which free trade did not exist. What existed across the rural communes and urban *danwei* was effectively a "cellular" and "fragmented" economic structure that comprised of cell-like, self-sufficient and regionally uneven administrative units (Donnithorne, 1972; Tsui, 1991; Bray, 2005). More interestingly, the unwillingness of these units to work with one another meant the 'chessboard' philosophy regularly encountered resistance.

The conflicts generated by this cellular and protectionistic structure ultimately triggered experimental reforms *after* Deng Xiaoping took over the CPC leadership from Hua Guofeng in 1978. Calculations within different levels of government continued to prioritize self-interest and competitive advantage through the 1980s, which led to what Oi (1992) terms "local state corporatism". Under this mode of governance, which had deep historical antecedents, local cadres managed their jurisdictions as if they were businesses, and sought to out-compete other territories in order to gain promotional opportunities (Chien and Gordon, 2008; Xu, 2011; cf. Bell 2015, 182-188). This unsurprisingly generated tensions with the previously mentioned system of reciprocal accountability. As the next section will elaborate, fierce inter-territorial competition persists in the present and underpins the contemporary positioning of Chongqing and Guangdong within the national 'chessboard'.

Working on the premise of pragmatism and yet cautious not to jettison the Marxist-Leninist ideological foundations of the CPC, the Deng Xiaoping government built on this legacy of inequality through a developmental approach known as the ‘ladder-step transition theory’, or *tidu tuiyi lilun* (梯度推移理论). First espoused by the Shanghai-based academics Xia Yulong and Feng Zhijun (1982), this prescriptive ‘theory’ attracted the attention of a senior CPC cadre, Bo Yibo, and subsequently permeated central policymaking circles. It was instituted as a policy blueprint during the 7th Five-Year Plan (1986-1990). Specifically, three economic-geographical belts of the Chinese political economy were delineated: the eastern (coastal), central, and western. The Deng administration gave one belt (the eastern seaboard) the priority in ascending the development ‘ladder’. It assumed that the fruits of development in the ‘first mover’ belt would diffuse downwards to other rungs of the ladder. This template of *instituted uneven development* became the basis for market-oriented reforms: the Deng administration expanded China’s re-engagement with the global economy by permitting foreign investments beyond the first four SEZs, of which Shantou, Shenzhen and Zhuhai were (and remain) in the Pearl River Delta (PRD) region of Guangdong³.

At the same time, however, the implementation of this approach within a nationally-oriented spatio-temporal framework assured party conservatives the ‘chessboard’ approach to national governance remained relevant (cf. Wang and Hu, 1999; Zhu, 2003; Lin, 2004). Deng made this point clear in a 1988 publication “Two Big Pictures” (*liangge daju* 两个大局):

The coastal areas must accelerate its opening up to enable this broad region of 200 million people to first develop, from which it will stimulate even better development in the interior. This is a matter that involves a big picture. The interior must understand this big picture.

Deng was, however, more specific in his exposition than Mao on the issue of socio-spatial egalitarianism: he identified an equally important ‘big picture’, which entailed residents of the coastal provinces to reciprocate the party-state’s decision to first

implement reforms in their provinces by *accepting* the subsequent redistribution of accumulated value accruing from economic liberalization for the development of the interior.

Accompanying this global economic (re)engagement was the development of a regulatory system that ‘play to the provinces’ by encouraging more developmental initiatives from provincial leaders. Integral to this system is what Shirk (1993) terms the logic of reciprocal accountability, namely the requirement of different governmental levels to complement the respective agendas of one another. Through this logic, the central leadership has been able to keep in check the conservative faction while opening to reform-minded cadres in local governments a channel to gain positive ‘political results’ (*zhengji* 政绩). These results are the *sine qua non* for promotion to key positions in the central government. As this paper will demonstrate, this system exists in tension with the coastal developmental bias: officials posted to poorer interior regions have every incentive to break out of instituted uneven development through developmental projects. This was what happened in Chongqing more than a decade ago (ref. section 3). In this sense, the system of reciprocal accountability not only generated inter-regional socioeconomic variations; it is now constituted *by* these variations.

This tension highlights, in turn, a major contradiction of Deng’s ladder step logic: the lack of a designated moment for coastal provinces to reciprocate their first-mover advantage. Up till Deng’s passing in 1997, it was unclear *when* wealth were to be proactively redistributed to attain long-run spatial equilibrium. There was also no detailed plan that explains what would happen to the coastal provinces’ economic development as resources are re-directed westwards. With no forthcoming solutions, the coastal provinces’ share of the national GDP grew to approximately 62% over the period 1978 to 1997, while the central and western provinces accounted for 24% and 14% respectively (National Bureau of Statistics, 2014). Deng’s fear of the Chinese

economy splitting into distinct classes of ‘haves’ and ‘have-nots’ (*liangji fenhua* 两极分化) thus seemed to be materializing; at the time, the economist Hu Angang went further by showing that uneven geographical development was so pronounced in the late 1990s, it was actually possible to identify ‘one China, four worlds’ (Hu, 2001; also Yang *et al*, 2005).

It was within this context of “four worlds” that Deng’s successor, Jiang Zemin, proclaimed the importance of redeveloping the poorer western interior. Reiterating Deng’s philosophy, Jiang issued a reminder that “reducing the developmental disparities within the entire country, developing in a coordinated manner and *ultimately* attaining Common Affluence is a basic principle of socialism” (*People’s Daily*, 10 June 1999; author’s translation and emphasis). Soon after, in November 1999, the Jiang administration announced the next most significant national development program – officially termed ‘the Great Western Development’ (*xibu dakaifa* 西部大开发) – to alleviate the widening income and output gaps between coastal and interior provinces. Two other regional programs for the central and north-eastern provinces followed in the early 2000s.

Crucially, however, the coastal-interior income and output gap persisted during Hu Jintao’s presidency (2003-2013). More globally-engaged firms were increasingly clustered in the coastal regions (He *et al*, 2008; Ge, 2009). These trends highlight, in turn, the tensions between the ‘chessboard’ philosophy of inter-regional economic integration and the fragmentary effects of post-Mao instituted uneven development (cf. Poncet, 2005; Howell, 2006; Chen and Zheng, 2008). Against this backdrop, pushbacks in the form of apparently competing ‘models’, all in search for a greater share of the economic pie, began to emerge. As section 3 will show, local state proactivity to institute more egalitarian policies in Chongqing and launch investor-friendly projects were direct outcomes of Deng’s ‘ladder step’ approach, as was the ability of the Guangdong government to build on its initial

economic success by calling for more political openness. Yet, *pace* Heilmann and Perry (2011), these different responses cannot be construed as distinct intra-national models competing for eventual national supremacy; their respective policies now respond, *simultaneously* and *directly*, to the twofold demands of transnational capital reproduction and inherited national-level institutions.

3. The Guangdong and Chongqing developmental pathways after 2007: institutional change as continuity?

Within a decade of urban-based re-engagement with the global system of economy, new territorial reconfigurations of financial capital and labor power took shape across China. Integral to this new economic geography was accelerating industrialization in the PRD. For this reason, Guangdong ranked as China's top province by GDP annually since 1989. Vis-à-vis national-level import/export figures, Guangdong on average accounts for almost 30% of the national total since China's accession to the WTO in 2001 (National Bureau of Statistics, 2014). Accelerating inflows of foreign capital into the province occurred under the stewardship of Zhang Dejiang. It also received the largest number of inter-provincial migrant workers – also known widely as the 'floating population' (*liudong renkou* 流动人口) – between 2000 and 2010 (see full report by Liang *et al*, 2014). According to the Chinese national population census of 2010, a third of this 'floating population' of around 200 million was concentrated in Guangdong. A separate national report published in 2014 indicates that Guangdong remained the leading destination at the time of writing: it absorbed 29.4% of the floating population, which has since increased to 245 million by the end of 2013 (21st Century Business Herald, 11 April 2015). These levels of trade and employment enabled Guangdong to reinforce its leading position after the 'ladder step' approach was implemented.

Geographical proximity to the post-colonial cities of Hong Kong and Macau reinforced this position. Currently designated Special Administrative Regions (SARs)

of China, these cities have functioned as financial and logistical platforms for firms looking to invest in China. Emerging from these connections was a cross-border, ‘front shop, back factory’ spatial division of labor that Lin (1997) terms “red capitalism in south China” (ref. Figure 1). Reflecting the effect of the national-scale ‘retain the big and letting go of the small’ (*zhuada fangxiao* 抓大放小) industrial policies, medium and small enterprises have taken the role of manufacturing subcontractors, while the major financiers and lead investors comprise state-owned enterprises (SOEs) and TNCs. This multi-dimensional relationship with foreign capital in and through Guangdong offers an important prism through which to evaluate post-1978 socioeconomic reforms in China.

At one level, the intensifying engagement with foreign capital generated new demands of the Guangdong government. This was primarily attributed to transparency requirements and the growing consciousness of a new middle class. Xiao Bin, a leading China-based observer of reforms in Guangdong, explains why this led to a more advanced administrative system that underpinned the much-celebrated ‘Guangdong model’:

The reason why the administrative and public services are better in Guangdong relative to other places is because the degree of marketization is higher. The pressure of the market on the government is higher. So many businesspersons and excellent entrepreneurs here, like in Shenzhen, place demands on the government, if services are not good they will move their headquarters away, so will the government play the game? Pressures from the public are also a factor, this is because social organization is active and the awareness of public rights are relatively higher, citizens are more proactive in enforcing their rights, which impels the government to provide better services. (Xiao Bin, interview with *Time Weekly*, 19 May 2015; authors’ translation).

It is important to note, however, that the putative provision of better services has no causal relationship with the decline of state authoritarianism. While foreign capital investments generated GDP growth in Guangdong (and also along the eastern seaboard), a large private capitalist class capable of undercutting CPC interests did not emerge concomitantly (cf. Dickson, 2008; Walter and Howie, 2011). What ‘red capitalism’ in Guangdong exemplifies, rather, is the ability of the CPC to *subsume*

the enlargement of the non-state economic sector to party goals. Zhang (2013: 1614) puts this state-capital relationship in clear perspective: “the political power of capital in China remains fundamentally embedded in, and interlaced with, the sprawling institutional machinery of the Leninist party-state and the political capacities of the CCP”.

The ‘Guangdong model’ associated with the Wang Yang administration effectively built on and enhanced this relationship. Shortly after assuming office in 2007, Wang declared his intentions to negotiate structural and technological ‘lock in’ that resulted from the labor-intensive and export-oriented economic structure. According to data from the Guangdong Bureau of Statistics (2008), the foreign trade to GDP proportion (also known as the trade dependency ratio⁴) for Guangdong province as a whole averaged 150% per year from 2001 to 2007; the figure for Dongguan, a major manufacturing hub within the PRD, was consistently above 250% in the same period. By comparison, the national average was (an already-high) 66.2% in 2007 (National Bureau of Statistics, 2008). Research has also demonstrated foreign investments into the PRD, particularly those via Hong Kong, did not generate the spillovers that enable industrial upgrading through the 2000s (Huang and Sharif, 2009; Meyer *et al*, 2012). What ensued, instead, were intra-provincial polarization and a recognition that externally-driven growth was unsustainable (Lu and Wei, 2007; Wei and Liao, 2012).

Wang’s path-changing agenda was complicated as the global financial crisis became full-blown within a year of his tenure. Guangdong-based industries’ heavy exposure to international trade morphed into a double-edged sword. Specifically, the crisis precipitated a sharp fall in effective global demand for manufactured goods from Guangdong-based industries. The province’s total volume of imports and exports decreased for 8 consecutive months from November 2008, with the largest monthly decline rate reaching 31.1%. Foreign capital investments dropped by over 50%. Customs statistics recorded the total import/export value in Guangdong as

257.87 billion *yuan* (~US\$40.1 billion) in the first half of 2009, a 20.7% decrease year-on-year (*People's Daily*, 3 August 2009). According to a *Nanfang Dushibao* (2 April 2012) report, two waves of factory closures following the crisis. Between 2008 and 2009, the report estimated that half of the 58,500 Hong Kong-owned export-processing subsidiaries would not survive, while more sectors were affected following a new wave of closures in 2011. Against this bleak economic backdrop, the Wang administration decided not to back off; what ensued, instead, was a form of 'shock therapy' through an approach analogous to that adopted in Chongqing – *direct state involvement in economic practices*.

Rather than signal a move towards a smaller government and deepening market-like rule, a two-pronged response to reconfigure the provincial industrial structure was instituted. First introduced was an industrial policy known as "double relocation" (*shuang zhuan yi* 双转移). This involved shifting labor categorized as 'low-skilled' and firms categorized as "high in pollution, high in energy use and low in efficiency" (*lianggao yidi* 两高一低) from the core Pearl River Delta region to the underdeveloped regions of the province. Accompanying this policy were attempts to 1) encourage inflows of higher-order industries to leverage on the PRD's growing reputation as an info-communications hub and 2) 'scale up' the national significance of three "nationally strategic new areas" (*guojia zhanlüe xinqu* 国家战略新区)⁵ in the PRD, namely Hengqin (横琴), Qianhai (前海) and Nansha (南沙), in 2009, 2010 and 2012 respectively. These intra-urban territories were subsequently designated sub-provincial status and currently function as sites of policy experimentation in domains deemed to be of significance to both the Chinese central government and the economies of Macau and Hong Kong SARs. This two-pronged approach was officially termed 'emptying the cage, changing the birds' (*tenglong huanniao* 腾笼换鸟), the 'cage' referring to an economy regulated by the CPC, and the 'birds' referring to firms that require some flying space to survive and thrive. Underpinning this

approach was a straightforward political objective to fortify Guangdong's leading position within the national structure of socioeconomic development.

Problems emerged when provincial-level path generation undermines preexisting national-level logics of socioeconomic regulation. The implementation of the 'double relocation' policy reflects the extension of the previously mentioned "political logic" of reforms that invites developmental initiatives of national significance from local governments (Shirk, 1993; see also Ma, 2005; Sheng, 2010). At the same time, however, the policy was contested because not all senior policymakers felt the 'double relocation' policy would generate national-level benefits. As previously mentioned in section 2, CPC policymakers have been preoccupied with effective national governance. While the regulatory context of the 1950s differed significantly from that of contemporary China, the 'chessboard' philosophy continues to underpin central policymaking (Webber *et al*, 2002; Zhao, 2009). Opposition to the 'double relocation' policy emerged against this backdrop: some senior cadres did not construe it as a strategic 'move' vis-à-vis the national 'chessboard'.

Tensions between these two pathways developed consequently. At the national level, the designation of the three "nationally strategic" territories 'scaled up' the importance of Guangdong province to the central government and consolidated Deng Xiaoping's 'ladder step' logic of economic development. Its rationale was to facilitate new capital into Guangdong just as industries deemed redundant were either relocated to the outlying parts of the province or were allowed to shut down without further state support. These territories were then incorporated within the broader Guangdong Free Trade Zone, launched officially in April 2015. The zone currently offers more liberal policies on credit inflows from Hong Kong and Macau. Accompanying this series of state-driven industrial reconfiguration was strong GDP growth in the aftermath of the crisis (ref. Figure 1).

While it is premature to ascertain the impact of policy experimentation in these areas, the national designation engendered a fresh wave of fixed capital

formation (driven primarily by provincial- and central-level SOEs), ensured GDP remained positive in spite of declining effective demand in the aftermath of the global financial crisis, and arguably reinforced Guangdong's strategic importance in the national economic-geographical structure (ref. Figure 1). Perhaps more importantly, the high and growing rate of fixed capital formation (of which an unknown proportion is state-driven) relative to Chongqing problematizes critiques of investment-led growth in Chongqing (Figure 2). The constitutive role of geography on the system of reciprocal accountability becomes pronounced in this regard: while Wang was Party Secretary of Chongqing, he felt "the government should eliminate institutional and operational barriers as soon as possible in order to create a fair economic platform" (*Huaxia Shibao*, 17 November 2007); these very barriers – in particular the state ability to control population flows and unilaterally institute industrial policies – became the very *premise* of 'emptying the cage, changing the birds' between 2008 and 2012. What appears to be a market-friendly 'Guangdong model' is thereby more accurately an expression of strategic – if not also opportunistic – responses by political actors to specific geographical-historical conditions in order to gain positive 'political results'.

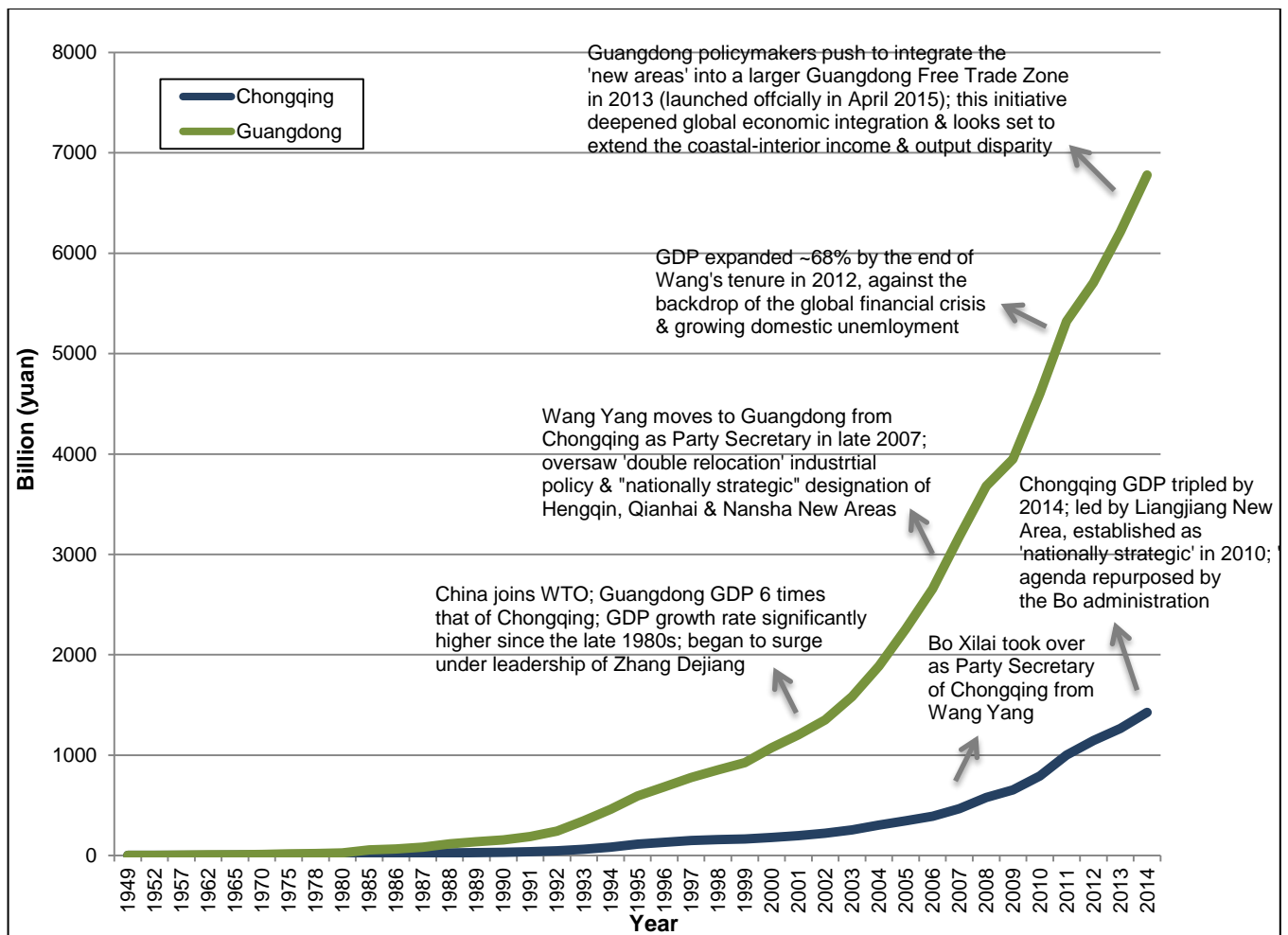


Figure 1. GDP of Chongqing and Guangdong, 1949-2014.

Source: Guangdong Bureau of Statistics (2015); Chongqing Statistical Bureau (2015); authors' captions.

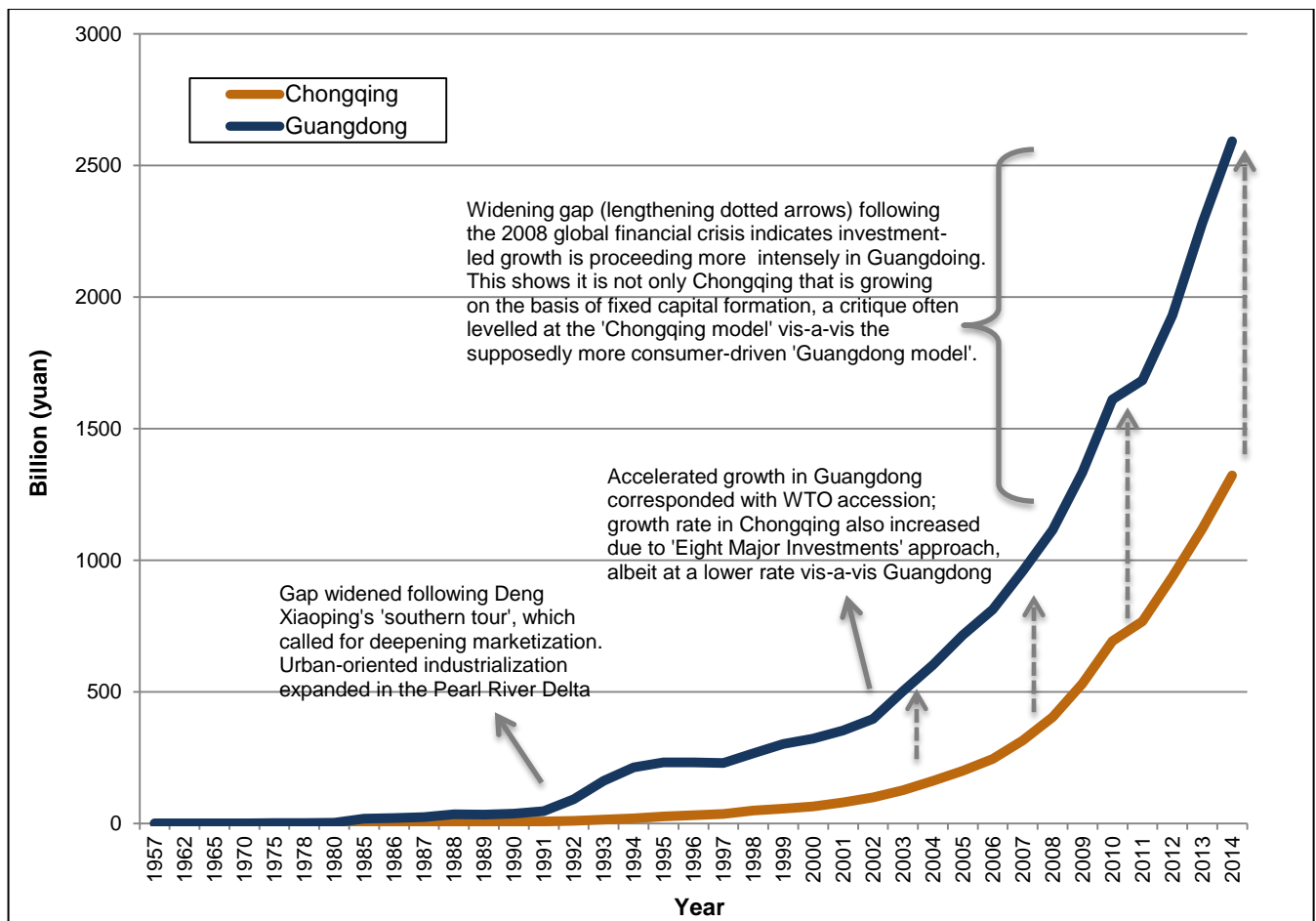


Figure 2. Fixed capital formation investments in Chongqing and Guangdong, 1957-2014.

Source: Guangdong Bureau of Statistics (2015); Chongqing Statistical Bureau (2015); authors' captions.

Also embedded within the ‘chessboard’ and ‘ladder step’ approaches is Chongqing, one of the four⁶ province-level cities (*zhixiashi* 直辖市) under the direct control of the Chinese central government. It assumed an important economic-geographical position within China since modern industrialization began towards the end of the 19th century. Developed into imperial China’s first inland open port in 1891, connections with Britain, France, Germany, and Japan were established by the turn of the 20th century. Chongqing went on to become the primary trading center along the upper Yangtze River. This preexisting economic position, coupled with its strategic location behind several mountain chains far from potential naval landings by foreign armed forces, were arguably the reasons why the Nationalist party (also known as the Kuomintang or KMT) selected the city region as the temporary capital of the Republic of China⁷ during WWII (1937-1945) and the Chinese civil war (1945-1949).

During this period, the KMT transferred a colossal amount of capital goods and labor power from other parts of China to Chongqing. This produced a vast military-industrial complex in the municipality, and further enhanced its position as a major economic center. While the CPC removed Chongqing’s province-level status and merged the city with Sichuan province after securing power in 1949, the Mao administration would, interestingly, repeat what the KMT did in Chongqing. Indeed, the CPC proceeded to model its state-owned enterprise (SOE) system on the organizational structure of these inherited industries (Bian, 2005). After launching the previously mentioned “Third Front Construction” program in 1964, many industrial and military complexes were consequently relocated to or constructed in Chongqing, adding a new layer of industries and labor power to an industrial structure well-established by the KMT.

Interestingly, the Third Front construction was not the first instance in which Mao-era regulatory logics re-expressed regulatory logics of the KMT era. The Mao

administration combined selected techniques used by the KMT (e.g. decentralized rural governance) with new developmental pathways (e.g. collectivized production, rural industrialization, the re-concentration of heavy industries in inland provinces, etc.). The selective adaptation of inherited policies would similarly characterize post-Mao development, where Deng and his successors retained specific Mao-era regulatory programs (e.g. land nationalization and the *hukou* system of demographic control) and combined them with new experimental policies in targeted territories. It is this dynamic interaction between continuity and change that underpins Chongqing's emergence into a major frontier of reforms in contemporary China.

Before its socioeconomic resurgence, however, Chongqing's significance within the national structure of capital accumulation faded between the 1980s and the late 1990s. This was because the CPC tried to drive growth through the previously mentioned 'ladder-step' logic. For this reason, Chongqing's economic growth – like many cities and provinces in China's western interior – lagged behind provinces along the coast. Relative to the leading province, Guangdong, income inequality and fixed capital formation worsened correspondingly (ref. Figures 1 and 2). It was only in the mid-1990s, after the Three Gorges Dam national energy project was launched, that Chongqing was repositioned as a strategically significant city in the national reform agenda.

Many settlements in the upstream valleys of the Yangtze River had to be flooded because of the sheer size and scale of the dam construction. An estimated two-thirds of the 8 million affected residents were originally located in Sichuan province, the majority of them living in poverty. Already having to manage a huge and relatively poor population, the Sichuan provincial government was presented with the new logistical challenge of resettling and then re-employing the affected residents without further straining its administrative and fiscal resources. An important alternative at the time was the proposal to create a new province known as the Three Gorges (*sanxia sheng* 三峡省). This proposal was soon jettisoned,

however, on the grounds that establishing a new province would engender costly administrative duplication and unnecessary politics (Fan *et al*, 2001; Zhang, 2015).

Chongqing was identified as a more feasible location for the population resettlement issue because Chengdu, the provincial capital of Sichuan, was not close to the flooded areas. The central government eventually agreed to administer the districts of Fuling, Wanxian and Qianjiang, then amongst the poorest areas in Sichuan, as resettlement areas in order to ease the financial impact on the Sichuan government. These districts were then merged with Chongqing's core urban zone to form the sprawling Chongqing Municipality. History therefore came full circle in the Chongqing developmental trajectory: in an almost identical repetition of what the KMT regime did in 1937, the CPC "promoted" the city-region into a centrally-governed municipality for the second time in 1997.

Arguably because of its relative (in)significance to the initial market-oriented reforms, Chongqing policymakers were impelled to enhance the capacities of its SOEs to drive economic growth. To this end, state-driven industrialization approach was reconfigured. Since the late 1980s, some SOEs involved in weaponry manufacturing were relocated; some fully abandoned; while others like Ansteel, the Jialing Group and the Changan were restructured and are now dominant SOEs based in the municipality. In addition, the Chongqing government actively encouraged SOEs to list in foreign capital markets. Building on the SOE restructuring is the "Eight Major Investments" (*badatou* 八大投) program in infrastructural construction by the Chongqing government. This program involved the establishment of eight state-financed corporations, each investing in what was considered a strategic sector (see Box 1). The outcome, as shown in Figure 2, was a surge in fixed capital formation.

Box 1 Eight major state-owned enterprises driving infrastructural development in Chongqing

- Chongqing Expressway Development Company (CEDC): constructs, operates, and manages expressways.
- Chongqing Transportation and Tour Investment Company (CTTIC): constructs, operates, and manages highways; develops and manages tourism attractions.
- Chongqing Urban Construction Investment Corporation (CUCIC): develops urban infrastructure such as bridges, tunnels, and roads in the main urbanized districts.
- Chongqing Energy (Construction) Investment Corporation (CEIC): invests, operates, and manages energy-related (i.e., electricity, gas, & coal) power projects
- Chongqing Real Estate Group (CREG): restores, rehabilitates, and develops lands.
- Chongqing Development Investment Corporation (CDIC): builds and operates rail transportation and other infrastructure projects.
- Chongqing Water Works Controlling Group (CWWCG): provides water supply & drainage integrated service to the main urban area.
- Chongqing Water Resources Investment Company (CWRIC): invests in and constructs water conservancy projects, small hydropower plants, & water supply & drainage projects.

Source: Authors' compilation.

Underpinning this proactive intervention, as the Chongqing Mayor, Huang Qifan, points out, was the fact that Deng's 'ladder step' regulatory policies led to an acute lack on investor interest in developing Chongqing (and by extension the broader interior):

To repair a freeway along the coast, the local government does not have to come up with money, there could be 10 companies competing for this, someone could even engineer a 'grey transaction' to obtain this project. In the western region, however, getting one boss to construct freeway is a challenge, let alone attracting 10. At the time [2002-2003] I wanted to repair 2000km of freeways, which required investments of up to 100 billion *yuan* [~US\$12.1 billion, in 2002 prices]. With the-then backward conditions, no private domestic or foreign firms were willing to invest in infrastructural construction. This thrust plans for urban transformation and development into a cul-de-sac. (Huang, in *Chongqing Ribao*, 12 July 2010; authors' translation)

As a result of this lack of market interest, Huang explains, state intervention became a "necessary" precondition for Chongqing to move ahead with its agenda:

I have never had the intention to help SOEs monopolize, if there is a task that private or foreign capital could do, I would not want state capital to enjoy sole benefits. Then why must there be the 'eight major investments' (*badatou*)? And furthermore, investments solely financed by the state? It is not a matter of perspective or ethics that determines whether an economic domain can be relaxed [by the state], more importantly it is determined by whether pricing and resource allocation have reached a level that can be taken over by the market. My perspective is that, for domains with weak market signals, the Chongqing government will use SOEs to launch and experiment with investments. It is necessary to build these eight investments. (Interview with *ENN Weekly*, 21 January 2014; authors' translation)

Providing a crucial historical counterpoint to claims of debilitating elite politics in the Chongqing-Guangdong relationship, this state interventionism since associated with the Chongqing ‘model’ was launched by Wang Yang several years before Bo Xilai took office. Statistics reveal the Chongqing government increased the value of state-owned assets (excluding those of central government-controlled SOEs) from 150 billion yuan in 2000 to 1.8 trillion yuan in 2013, a twelve-fold increase (Huang, 2006: 20; *Caijing*, 20 January 2014). Working with then-Mayor Wang Hongju and Vice-Mayor Huang Qifan, Wang was also the key driver of experimental attempts to integrate urban and rural development (*chengxiang tongchou*) – and in turn overhaul the intrinsically discriminatory urban-rural dual structure instituted in 1958 – during his tenure in Chongqing (see Huang, 2011; Lim, 2014).

Bo’s so-called ‘socialistic’ reforms were launched on the basis of this state-oriented developmental approach and the urban-rural integration framework launched inherited from Wang Yang (see Table 1). To accommodate the growing number of migrants into Chongqing’s core urban areas, Bo (1) targeted building 40 million square metres of affordable housing for two million people at a cost of 140 billion *yuan* (~US\$21.5 billion) from 2010 to 2012 and (2) created a ‘land ticket’ (*dipiao* 地票) system to allow rural migrants and collectives to put their land-use rights for sale in the open market. Farmers and collectives with idle land had previously been restricted to strict and often localized land use transfer regulations; the ‘land ticket’ was a mechanism for these land to be made available to alternative uses in a way that would enhance the financial position of rural residents migrating into the city. Interestingly, these policies are framed as socially- *and* market-friendly approaches:

Rural residents can get urban *hukou* after years of working and living in cities. But when they are settled down, they may need to think about how to deal with their rural land. Without the land ticket system, they may have to leave the land idle or give it to relatives. The land ticket offers them a way to cash in on their land...The land ticket system improved farmers' incomes and offered financial support to migrant workers who left their rural homes. It also better protects farmland and eases the conflict between urban demand and rural supply of land. The system also generates capital

to support rural housing renovation and other activities. (Interview with *Caixin*, 17 September 2015)

In an indirect counterpoint to coastal provinces' unwillingness to accommodate migrant workers on a permanent basis (a direct legacy of the 1958 *hukou* institution), Huang reveals how Chongqing is increasingly benefitting from a system that keeps migrant inflows *in situ* through the provision of urban *hukou*:

In recent years, we have noticed an interesting phenomenon in which Chongqing's foreign trade surges 70 percent to 80 percent in the first quarter every year and drops to a normal level in the following quarters. After analysis, we found it is a bonus from Chongqing's *hukou* reform for migrant workers because those in coastal provinces all return home for the Lunar New Year holiday for the first couple of months in the year, and many factory owners moved their orders to Chongqing since plants here run throughout the year. (Interview with *Caixin*, 17 September 2015)

Table 1. Socioeconomic evolution in Chongqing and Guangdong, 2000-present

Comparative dimensions	Chongqing	Guangdong
Key driving actors	<ul style="list-style-type: none"> • Wang Yang (汪洋) • Wang Hongju (王鸿举) • Bo Xilai (薄熙来) • Huang Qifan (黄奇帆) 	<ul style="list-style-type: none"> • Zhang Dejiang (张德江) • Huang Huahua (黄华华) • Wang Yang (汪洋) • Zhu Xiaodan (朱小丹)
Path-generating characteristics	<ul style="list-style-type: none"> • Aligned with 'Great Western Opening Up' program to overturn the effects of the 'ladder step' logic instituted in the 7th Five Year Plan • New intra-municipality migration policies to overhaul the 1958 <i>hukou</i> institution; supported by large-scale public housing provision and 'land ticket' land use transfer scheme • New experimental policy to enable freely-convertible RMB onshore • New policy to develop high-end manufacturing hub in Liangjiang New Area 	<ul style="list-style-type: none"> • Aim to jettison labor-intensive, low value-added industries through 'double relocation' industrial policy • Growing emphasis on endogenous innovation • Policy experimentation in designated territories (elevated to sub-provincial status) aims to reform national-level institutions, e.g. regulation of cross-border RMB flows and tax-free movement of goods between Macau & Hong Kong
Entwinement with inherited national-level institutions	<ul style="list-style-type: none"> • Emphasizes absolute state provision of social benefits (as opposed to growing market-based provision) • Strong state involvement, if not monopoly, of key economic sectors construed as a throwback to Mao-era economic governance 	<ul style="list-style-type: none"> • Reinforcement of 'ladder step' logic • Reinforcement of <i>hukou</i> institution, which enabled unwanted labor power to leave without generating localized social instability. This reinforces the <i>hukou</i> institution as the underlying basis of a geographically-elastic labor market

Source: Authors' formulation.

Table 1 concisely summarises how policies in Chongqing and Guangdong built on inherited institutions (at both subnational and national levels) and attempted to generate new paths. Of particular emphasis is the *effect* of contextual conditions on the calculations of leading cadres: Wang responded to Chongqing's slower socioeconomic development through bridging the gap with the coastal provinces, and yet when he assumed the leadership in Guangdong, his policies were to maintain Guangdong's inter-provincial leadership (which by implication negates Deng's vision of spatial egalitarianism) in order to assure CPC bosses of sustained social stability. Bo's key economic initiative after becoming Party Secretary of Chongqing in late 2007 was to fortify the foundations established by the Wang Yang government. This was exemplified through policies to augment the formal positioning of the municipality within the national economic-geographical structure. In tandem with Huang Qifan, Bo lobbied the central government to institute what was then a third "nationally strategic new area", the Liangjiang New Area (两江新区).

Officially approved in 2010, this zone has now become a major global manufacturing hub for automobiles and computers. The Bo administration also oversaw the launch of the Chongqing-Xinjiang-EU transcontinental railway that reduced travelling time to EU markets from 30 to 13 days. This new zone was subsequently included as part of the third China-Singapore Government-to-Government (G-to-G) project in November 2015, a symbolic expression of its growing importance in the realm of international policy transfers and lesson drawing (ref. Lim and Horesh, 2016). By extension, the economic policies reflected the relationship between uneven development in China and the system of reciprocal accountability: just like Wang, Bo was incentivized to align what appeared to be contextually defined initiatives to a centrally approved agenda. How – or, indeed, whether – it differs from the Wang administration's equally, if not more, heavy-handed approach at moulding the 'Guangdong model' is the focus of the next section.

4. Implications of the Chongqing-Guangdong relationship

Four important implications for conceptualizing the post-Mao Chinese political economy can be derived from the geographical-historical framing of the Chongqing-Guangdong relationship in this paper. First, the issue is not whether there should be less or more state intervention in China; it is about the *qualitatively different* forms of intervention. The policies instituted in Chongqing demonstrate how direct state investments in key economic sectors, widely construed to be antithetical to market-driven industrialization, was in fact an *outcome* of national-level strategies that favoured selective marketization along the Chinese coastal seaboard (ref. section 2). This offers, in turn, a double complication of the developmental story in post-Mao China.

On the one hand, extensive state involvement in inland economies like Chongqing is neither a simple residue nor a potential resurgence of Maoist economic governance; it is ironically a reaction – if not retaliation – to the ‘first wave’ marketization pathway that shifted means of production to coastal provinces like Guangdong. Reflecting on this issue, Liu Guoguang, the former Deputy Head of the Chinese Academy of Social Sciences, argues that the “fundamental” issue regarding inter-regional variations rests in “ownership relations”:

The fundamental point of departure of redistribution theory in Marxian political economy [i.e. the official basis of the Chinese economy] is the determination of the redistributive institution by the ownership institution, that ownership relations decide redistributive relations. Yet people often neglect this point. When analyzing the causes of our country’s widening rich-poor divide, many origins were proposed, such as the expansion of urban-rural disparity, the sharpening of uneven development between regions, monopolies of specific sectors, corruption, insufficient supply of public goods, slow responses to redistributive needs, etc. All these reasons could be valid and need to be addressed one by one. But these are not the most important reason. (Interview with *Chongqing Ribao*, 5 August 2011; author’s translation)

Referencing the Chongqing experience, Liu adds that the precondition of effective redistribution in China is public ownership:

To address the problem of rich-poor disparity from the realm of redistribution – and redistribution alone – is far from sufficient, it cannot fundamentally reverse the trend of worsening disparity. The problem should be tackled directly from the structure of ownership, it must be dealt with directly from the level of relations of production, from the most basic economic institution; the problem should be solved through fortifying

the public ownership institution, only through this could growing rich-poor disparity be precluded and 'common affluence' be attained. (Ibid.)

From a discursive angle, Liu's comment corresponds with the previously mentioned oblique critique from Huang Qifan: insofar as the CPC professes to be socialistic, it *has* to enable more equitable redistribution of profits derived from capital accumulation in the first instance. Where redistribution is ineffective, as Liu suggests has been the case in post-Mao China, the other recourse is through "fortifying the public ownership structure". Aligning to the official ideological line to justify large-scale public ownership was and remains precisely the *modus operandi* of the Chongqing government across multiple domains – transport, housing, utilities etc. – since the early 2000s (cf. Huang, 2011; ref. Box 1). Crucially, this approach preceded and survived Bo's tenure, which indicates *sustained central support* for state-led, 'catch up' development in the poorer interior.

On the other hand, state construction and management of infrastructural amenities is not inherently anti-market; on the contrary, qualitatively different forms of state intervention in Chongqing and Guangdong after 2007 have generated a new wave of market-oriented industrialization. What differ are the interventionist *objectives*: Chongqing policymakers aimed primarily to bridge the socioeconomic gap, while their Guangdong counterparts worked at retaining the status quo. A prominent China-based scholar, Yao Zhongqiu (hereafter Qiu Feng, his pen name), crisply summarizes the Chongqing-Guangdong relationship:

On the whole, these two mechanisms are positioned within a state of impasse, it can also be said to be within a state of equilibrium. The Chinese economy has attained fast growth under this mixed institutional system, but this is also accompanied by serious social and political problems...Both models are attempts to break out of the current impasse. What this means is both models represent feedback to the tensions of the current mixed institutional system. (Qiu, 2011: n.p.)

Second, existing research has not highlighted the fact that these "tensions" were more apparent in Guangdong than in Chongqing. Specifically, Wang had to negotiate resistance at both the national and provincial level. At the national scale, the-then Premier, Wen Jiabao openly expressed concerns and Wang was subject to a veiled

critique by senior cadres through the *People's Daily* (see author, 2016). Within the provincial bureaucratic structure, the growing numbers of complaint letters to the central government within the first two years of Wang's appointment and Wang's rumoured disagreement with then-then Guangdong Governor, Huang Huahua, which was a plausible reason behind Huang's sudden resignation in November 2012 (Interview, academic, Shenzhen, January 2013). The latter point was foregrounded openly during Wang's interaction with the press in July 2009 (*Guangzhou Ribao*, 31 July 2009; authors' translation) :

Reporter: I heard you and the Governor [Huang Huahua] had differing views on the economy. You hope firms would attain competitiveness through innovation, but the Governor was more inclined to protect labor-intensive industrial agglomerations in the Pearl River Delta. I heard Governor Huang feel you are moving a bit too fast.

Wang: I can honestly tell you this is roadside news you've heard in Guangzhou.

It is important to note Wang did not directly deny his rumoured disagreement with Huang; as he went on to elaborate, the point was not whether Huang had differing opinions, but what he *should* be doing as Governor:

What I can do is elaborate on the division of labor within the Party and the state in China. The primary economic work of the Provincial Party Secretary is to devise the composition and determine the direction, hence people can often hear my views on areas that are identified as requiring progress. As the Governor, Comrade Huang is more involved in the operational domain; he implements the important strategies of the Provincial Party Committee and government. In reality, all the policies that involve constructing a modern industrial system and enhancing endogenous innovation are driven and actualized by Governor Huang Huahua. (Wang Yang, transcribed by *Guangzhou Ribao*, 31 July 2009; authors' translation)

Wang's emphasis on the role of the Provincial Party Secretary as an economic *strategist* was not an issue in itself; that Wang did not have to issue a similar elaboration of his relationship with Wang Hongju, then Mayor and Governor-equivalent in Chongqing, and Huang Qifan, then Vice Mayor of Chongqing, was significant. As mentioned in section 3, Huang played a very proactive role in devising and driving policies, which suggest the policies in Chongqing were less contentious and more nationally-aligned than those instituted during Wang's tenure in Guangdong.

The third implication pertains to the Chinese central government's willingness to institute new rounds of industrial restructuring and nationally-strategic policy experimentation in both Guangdong and Chongqing. This suggests that there were (and remain) political incentives in both retaining and breaking out of the 'ladder step' developmental pathway. This point is well illustrated in Zhang Dejiang's willingness to accommodate and further intensify Chongqing's so-called 'socialistic' reforms after he replaced Bo Xilai as Chongqing Party Secretary. As mentioned in section 3, Zhang endorsed the large-scale FDI inflows and surge in fixed capital formation while he was Party Secretary of Guangdong. Effectively, then, Zhang was building on policies instituted under Wang and Bo, while Wang went on to entrench policies Zhang put in place before vacating the position of Guangdong Party Secretary (ref. Table 1).

The tendency of cadres to maximize contextual conditions for political capital complicate, in turn, the chronological logic of Jiang Zemin and Hu Jintao's subsequent attempts to address the uneven development associated with Deng's approach. As mentioned earlier, a growing number of migrant workers continue to move to Guangdong, while the faster GDP growth in Guangdong relative to that in Chongqing strongly suggests the coastal-interior economic gap is not about to be bridged in the near future (ref. Figure 1). Qualitatively, the decision to experiment with national-scale reforms in *both* the Pearl River Delta (in tandem with Hong Kong and Macau) and Liangjiang New Area (in Chongqing) exemplify further the constitutive importance of inter-regional differentiation for effective national governance. And this foregrounds the fourth conceptually significant point: the history of the post-Mao Chinese political economy is neither linear nor exceptional to the entire national territory.

Indeed, the regulatory logic of the Chinese political economy today is not an outcome of events that occurred coherently in a sequential manner. To follow Duara

(1995: 5), this linear-sequential perspective obscures and/or overlooks many aspects of the past:

Because our own historical conceptions have shared so much with the linear History of the nation, we have tended to regard History more as a transparent medium of understanding than as a discourse enabling historical players (including historians) to deploy its resources to occlude, repress, appropriate and, sometimes, negotiate with other modes of depicting the past and, thus, the present and future.

This dynamic view of historical evolution problematizes Steinbock's (2012: n.p.) chronological conception of the Guangdong-Chongqing relationship (ref. section 1). To Steinbock, change will evolve "from Guangdong to Chongqing". Underpinning this perspective is a logic of temporal progression premised on a revised version of 'trickle down' economics: reforms in one place would *eventually* spread to other places. The initial development in selected megacities is seen to have triggered an "economic ripple" that "has been washing into new generations of Chinese cities" (Ibid.). While this "trickle across" perspective is plausible theoretically, the previously mentioned economic gap between these two provincial-level regions calls into question its practicality. The differentiated positioning of Guangdong and Chongqing at the *global scale* to attract foreign investments further accentuates the constitutive effects of local developmental initiatives. It suggests, in turn, that institutional differentiation has become a precondition of sustained central governance; that the "nationally strategic" aspect of local-scale experimentation is not premised on its eventual extension to the national-scale, but in its ability to enhance China's national economic competitiveness *in situ*.

5. Conclusion

The Chinese political economy is a dynamic entity constituted by multiple developmental trajectories. Recent debates on two seemingly divergent 'models' in Chongqing and Guangdong has foregrounded the potential contradictions of this dynamism. While existing research has attempted to evaluate these trajectories as outcomes of elite politics or ideological incommensurability, an overlooked but no

less important aspect is the *connections* between these trajectories, Mao-era regulatory policies and the post-1978 system of reciprocal accountability instituted. Indeed, these variations are rolling interactions between provincial developmental initiatives, overtly encouraged by the central government to stimulate enthusiasm in the reform process, and inherited regulatory institutions to coordinate state formation, some extending back into the late 1940s. This paper is an attempt to foreground and evaluate this relationship within a broader geographical-historical framework.

As this paper has argued, the Chongqing and Guangdong ‘models’ are not diametrically opposed contemporary phenomena; rather, they exemplified the intertwined spatial logics of socioeconomic regulation instituted by the Mao and Deng regimes. Deng’s approach (through the coastal-oriented ‘ladder step’ theory) was similar to Mao’s institution of the ‘cellular’ national economy (through the People’s Communes and industrial *danwei*) in the sense that both recognized territorially fragmented development as an *inevitability*. The key difference lies in the way the *cause* of inevitability was rationalized. Mao viewed uneven development as a rolling contradiction; as a necessary expression of opposing forces (urban versus rural, province versus province, region versus region) that would in turn enhance CPC rule. Deng, however, accepted the inevitability as a *future* outcome of his policies to integrate China with the global economy and, crucially, he believed this inevitability was revocable. It was with this vision in mind that Deng planned *for* uneven development during the 7th Five-Year Plan (1986-1990), with an eye to ‘resetting’ it to a higher level of ‘evenness’ in future.

Relative to Mao’s approach, which was contingent on space (geo-economic insulation), Deng’s was contingent on time (ascertaining a moment for the redistribution of wealth from a more developed belt to the other two). With this temporal deferral, the platform was established for coastal provinces like Guangdong, Fujian and Zhejiang to develop at a much faster pace than Chongqing and other interior provinces like Gansu, Sichuan and Xinjiang. As it became apparent that

attempts at bridging regional disparities were encountering difficulties, provincial-level governments in the western interior began taking more proactive approaches to raise their respective economic competitiveness. This was done in three ways, namely through large scale state-directed infrastructural development like that seen in Chongqing; the ‘scaling up’ of targeted territories (like Liangjiang New Area) in the “national strategy” of development; and ‘scale jumping’ through direct engagement with transnational circulatory capital (more than half the Fortune 500 TNCs have now established operations in Chongqing). The outcome, at one level, corresponds to what Howell (2006) terms a “fragmented” Chinese political economy. At another level, this fragmentation has arguably become a *fundamental* aspect of central governance against the backdrop of deepening global economic integration.

Specifically, the persistence of different trajectories refines received knowledge of what Shirk (1993) terms the system of reciprocal accountability in post-Mao China. This system refers to the approach by Deng Xiaoping to accommodate the interests of provincial officials in order to develop potent counterweights against senior conservatives in Beijing.⁸ Wang Yang and Bo Xilai’s respective approaches reflect how personal agendas to attain political results are *framed by* the specific geographical-historical conditions of the locations within which cadres are deployed. It is even possible, as Wang’s strategies in both Chongqing and Guangdong demonstrate, to reform one institution (urban-rural dual structure) in one place and maximize the utility of this institution (through relocating non-local labor power) in another (ref. Table 1). Perhaps more importantly, the resulting inter-regional differentiations exemplify a centralizing logic: the reformers aimed to justify their policies in the ‘national interest’, which foregrounds the constitutive relationship between subnational socioeconomic conditions and the system of reciprocal accountability.

What this suggests, in turn, is the CPC’s attempt at sharing greater power and benefits (*fangquan rangli* 放权让利) has generated a positive feedback loop:

localized initiatives stretch centrally-defined parameters, entrench inter-regional variations and consequently enhances central control. This intrinsically speculative regulatory approach has come to define what the Deng administration terms ‘feeling for stones while crossing the river’ (摸着石头过河). For this reason, differentiated developmental trajectories do not represent different stages of growth whereby one (e.g. Guangdong) is ahead of the other (e.g. Chongqing); they are conjunctural experiences that emerged out of a rolling series of interactions between 1) policymakers positioned at different levels of the administrative hierarchy; 2) private capitalists, both domestic and foreign; and 3) the effects of policies instituted since the Mao era. These interactions underscore the importance of understanding Chinese political-economic evolution in simultaneous rather than sequential terms – *in terms of geographically-differentiated trajectories, each with its own history, each responding strategically to the joint demands of national governance and transnational capital reproduction.*

Notes

¹ The empirical materials presented in this paper draws from fieldwork conducted between February 2012 and January 2013 on a broader, multi-sited project on policy experimentation and the shifting logics of socioeconomic regulation across China. A new round of data collection in Guangdong was undertaken in June and July 2015. Discursive materials from key political actors were sourced and translated by the authors; supporting materials were drawn from direct interviews with CPC cadres, planners and scholars in Guangdong and Chongqing. Often on the advice of these interviewees, further follow up work was done to derive supporting evidence.

² In that context, it is worth recalling that The Cold War climate had made Mao push for Third Front industrialization in remote parts of China precisely because he perceived pre-existing industrial hubs like Shanghai as vulnerable to American or Russian attacks. As relations with the US continued to thaw following Nixon’s visit in 1972, pragmatism eventually led back to the grooming of the southeast as the engine of Chinese growth. The post-Mao strategy of developing the southeast coastal areas of China thus had as much to do with the easing of Cold War tensions as with geographical advantages. See e.g. Naughton (1988).

³ The fourth SEZ was in Xiamen, Fujian province.

⁴ Ratios for both Guangdong and China determined by authors’ calculation.

⁵ Of these ‘new areas’, Hengqin and Qianhai are designated ‘sub-provincial’ (*fushengji* 副省级) within the administrative hierarchy, which means they enjoy powers lesser than a province and are now the equivalent of the cities – Zhuhai and Shenzhen, respectively – in which they are located. As both Zhuhai and Shenzhen are already national-level SEZs, Hengqin and Qianhai are popularly termed ‘special zones within special zones’ (*tequzhong de tequ* 特区中的特区). Nansha New Area is currently governed by Guangzhou, which is also of sub-

provincial administrative status. It is likely more autonomy will be devolved to administrators in Nansha as it is the largest of the three.

⁶ The other three province-level cities are along the coast, namely, Beijing, Tianjin and Shanghai. These cities are centrally-governed because they are deemed highly strategic to national political-economic development.

⁷ As an entity, the 'Republic of China' is no longer recognized by the United Nations. It continues to exist in name, however, with its base on the island of Taiwan, and continues to be recognized internationally by a handful of countries. For a full geo-historical discussion, see Lim (2012).

⁸ This was possible because the Mao administration had deliberately emphasized a decentralized mode of governance (see Lim, 2016).

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